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ORGANIZED LABOR AND ORGANIZED CAPITAL.¹

A CERTAIN United States senator, not many years ago, won considerable notoriety by saying that he did not believe that one man ever honestly earned \$100,000. Bellamy has said that, just as if we found a small boy with a thousand dollars in his possession, we would suspect him of having come by it dishonestly, so, when we see a man with a million dollars, we can similarly guess that he has got a great deal of other people's property.

In reply to these the author of *The Laborer and the Capitalist* says :

Jones stands before a mountain rich with ore, but he is timid and doubtful ; the opportunity looks like a good one, but he does not feel quite certain. He attacks the mountain, but not resolutely. He employs, say, ten hands, pays each \$2 per day, and realizes a profit of twenty cents on each hand. At the end of twenty years he is worth \$12,000.

You attack the same mountain at the same time, but you are resolute and daring ; you see your opportunity, and doubt not. You engage a thousand hands, pay each \$2 per day, and if the mine yields as well for you as for Jones, your profit will be \$200 per day. At the end of twenty years you will be worth more than a million dollars.

Now, how can it be said that you have not earned your million honestly as Jones has earned his twelve thousand ? You have paid the same rate of wages. The difference in wealth simply represents the difference in courage, in enterprise, in sagacity, and in the number of hands employed. Therefore, should society take hold of your neck, as Bellamy suggests, and ask you to account for having a hundred times more wealth than Jones, you can answer that you have transacted a hundred times more business, and employed a hundred times more labor, or done a hundred times more for wage-earners, which means the same.

One more point may be added to Mr. Willey's argument. If one man is earning, by his profit on the labor of ten men, \$2 a day for himself, and the other by his profit on 1000 men is earning \$200 a day, which of the two is, in the face of the situation, the better able to increase the wages of his men ?

¹ From an address delivered at 124 Rush street, Chicago, on March 14, 1899.

The former, if he increases the pay to each man by 15 cents a day will have only 50 cents a day for himself. The latter can increase wages by the same amount and still have \$50 a day.

There is, of course, a converse to this proposition, but the point to which attention is drawn now is that there is no intrinsic reason why the large employer of labor should be unable to pay at least as good wages as the one who employs only a few hands. The concentration of the employing power in few hands ought not, *prima facie*, to be any outrage on, or cause of offense to, the wage-earner. On the contrary, it is evident that it ought to be—or might be—a blessing. Unfortunately it is not the uses, but the abuses, of powers and opportunities that human laws are framed to regulate. We all know that nothing can be so bad as the best thing misused. *Corruptio optimi pessima*. But the fact that the lodgment of a large employing power in the hands of one man or of one corporation may work great wrong, does not constitute a valid argument against such lodgment. On the contrary, the mere statement of the fact implies equally the possibility of great benefit. It may be wise, instead of railing against the system, to cast about for means by which that benefit may be made active while the danger of misuse and wrong is guarded against. Let us take a brief survey of history and see how labor and the laborer have come to be what they are today.

To whatever country or people we go, whatever social system we may find existent today, if we trace the stream of history back far enough, we come ultimately to one thing—slavery. Somebody—Maine I think—has said that slavery is as old as human nature. Probably this is true. As soon as man began to have the desires of man, he began to make another minister to his comfort and do his work,—not by persuasion or by contract, by wages or by barter, but by the coercion of brute force. Individual slavery undoubtedly came into existence with individual laziness, and with the difference in individual physique. As an institution slavery is found in every people as soon as it ceases to be nomadic. Nomadic tribes found slaves a burden in their wanderings; so captives of war (with the possible exception of some

of the women), were usually killed. When a people became sedentary it found a use for slaves in the tilling of the land and the pursuit of manual crafts ; so it ceased to kill its captives and kept them to do its work. In a certain sense, therefore, slavery was in itself an improvement over the system which preceded it, in proportion as it is better to let men live even the hardest life, than to kill them outright.

When we in this country speak of slavery we are in danger of thinking of only one aspect of it—the aspect in which it has played so momentous a part in our history—the enslavement by a superior white race of an inferior black one. We are in danger of failing to realize how large a part slavery has played in the history of the world—the slavery of large parts of all races, white or black, either to other races or to their own sovereigns, leaders, or lords. We are all aware that the pyramids of Egypt, and the great wall of China were built by the labor of slaves. We less easily recall the fact that the monuments of Greece and Rome—so far as the manual work on them went—are products of slave labor also. We have to make something of a mental effort to grasp the fact that until almost the beginning of the seventeenth century in England one man could (and did) not only hold another for his slave, but if he tried to run away he could brand him on the cheek with the letter “S” and fasten collars of iron around his neck or arm. And if the slave—an Englishman—a white laboring man—resisted punishment, he could be turned over to the public authorities to be executed as a felon. A law, specifying all these facts, was enacted by the British parliament in 1540 in the days of the gentle king Edward VI.

Not only in the middle ages, but up to what we regard as comparatively modern times, the greater part of the most civilized peoples were in a condition of either mitigated or absolute thralldom—slavery, or serfdom, or villenage—either legal or actual—to their immediate superiors, their territorial lords, or their sovereign.

It is difficult to tell at what precise time in any country,

slavery became finally merged into the milder forms of villenage, or at what date the existence of these milder forms themselves came to be more than a legal fiction. In England an act of enfranchisement is on record in 1567. In Scotland certain workers in mines were in a state of slavery till the reign of George III. The Emancipation Act, providing for their gradual emancipation, went into effect the year before the Declaration of Independence was signed, and even into the reign of Queen Victoria there still lived many Scotch mine-workers who had been slaves in their younger days. In Germany slavery slipped into villenage somewhere in the thirteenth century, and villenage was not extinct until fifty years ago. But dates are immaterial.

The vital fact is that in the older states of society, the working classes were slaves. In considering, historically, the condition of the laboring classes in any country today—whether here, or in England, or in other civilized countries—we must first grasp the fact that these classes are the direct descendants of the slave class. I do not, of course, mean that each, or any, individual working man here or elsewhere is the lineal descendant of slave ancestors. By far the majority of them—and of us—are, in whole or in part. But, setting the individual aside, the wage-earning class until a comparatively short time ago was a slave class. The manual work of the world was done by slaves, and the evolution of the slave into the free working man of today has been rightly said to be the most important difference between the social life of present and of older times.

Not only that, but economists generally agree that it was only the fact that the mass of the people were slaves, and therefore compelled to work, that made the growth of the modern industrial system possible. It is a rather discouraging commentary on the inherent indolence of man that in no country has productive industry ever developed itself by voluntary effort. There is no reason to believe that man would ever have acquired the habit of methodical labor—that any class of society would ever have subjected itself to the necessity of working a given number of hours every day—had it not been that the slave

masters or slave owners made labor compulsory. Industry never came naturally to man. The great machinery of work, to which we are all subject today, is only the perfected engine of the slave master.

It is in the middle of the fourteenth century, in the reign of Edward III, that we find in England the first specific legislation in regard to wages. It is not necessary, and would create a wrong impression to give the actual sums of money which represented a day's wages then. The sums were ridiculous ; but the conditions of society and the purchasing power of money were so different from anything that exists today, that comparison cannot be intelligently made, and must convey only misapprehension. But the spirit of the old laws is full of interest.

This specific act was passed under curious conditions. Pestilence had created such mortality in the land that the labor market was seriously affected. It was therefore enacted that any man "not having his own whereof to live, nor land about whose tillage he might employ himself" was bound to work for anyone who offered him wages based on the scale which had been customary five or six years previously — *i. e.*, before the scarcity in the labor market became felt. No man was allowed to offer more than that scale of wages. Anyone who did so could be sued and made to pay a fine of three times the amount which he had promised.

Ten years later another law (applying especially to masons and carpenters) forbade certain specific acts on the part of the workman, and declared that he "shall be compelled by his master, whom he serveth, to do every work that to him pertaineth to do." Further and more stringent legislation followed in 1425, under Henry VI. A century later, in 1540, was passed the law to which reference has already been made. A vagabond or serving man out of work could be made to work for anyone who offered him competent wages. If he ran away he could be branded with an "S" on the cheek and made his master's slave for life ; the master could put a ring on his arm or neck ; disobedience was punishable by whipping ; if he resisted he could

be executed as a felon. This act was repealed a few years later.

The Statute of Laborers, in 1562, practically consolidated in one act all former statutes, and in addition prescribed the hours of labor for "all artificers and labourers"—*i. e.*, all skilled and unskilled workmen. In winter the hours were from sunrise to sunset. In summer from 5 A.M. to 7:30 P.M. with two and one-half hours for meals and rest, or twelve hours of labor a day.

Up to the beginning of the eighteenth century there was frequent legislation on similar lines, and it was not until 1742 (or ten years after the birth of George Washington) that there was any legislation that showed a variation from the spirit which had inspired all acts until that time.

What was that spirit?

The laboring population of England were not slaves. They had even evolved from the condition of serfdom as individuals; but as a class they were still bond. The man who had not property to support himself in idleness, or did not own or rent land, was, if out of work, compelled to go into the service of any man who needed him and was able to pay the regular wages. It was with great difficulty that he could move out of the neighborhood in which he lived. He could not leave the employment of one master to go to another, without proper consent and release. There were penalties for "breaking loose" (or running away) from employment, and a whole system of "corrections" or punishments was instituted, to be inflicted by the master himself, or at the "Houses of Correction" established for the purpose, the punishments ranging from whippings to terms of imprisonment with hard labor. The whippings, as an old act specified, were to be done at the tail of a cart in public "till his body be bloody by reason of such whipping."

In 1742 at last we find some legislation empowering justices to entertain complaints in regard to non-payment of wages, etc., made by servants and providing for the infliction of fines upon the master. For the first time we find labor for wages regarded not as a compulsory condition imposed upon the servant by the

master, but as a matter of arrangement presumed to have been voluntarily entered into on both sides and under which the servant had individual rights.

This act remained in effect until well into the present century—till 1838—when a new statute somewhat enlarged its scope, covering various forms of breach of contract of employment not considered by the earlier act, jurisdiction over which was vested in the justices. The penalties against the employer were fines; against the servant they might be fines or imprisonment.

The rural English justice of the earlier half of this century was not a person whose interpretation of the law commanded the highest respect. It is not surprising that the injustices against servants were frequent, and the complaints many and loud; yet it was not until 1867, or only thirty years ago, that a select committee of the House of Commons was appointed to examine the whole subject. On their report the "Master and Servant Act" of 1867 was based. It took away the summary jurisdiction of the justices and provided that all cases arising under it should be heard in public before two or more magistrates; and should be by regular procedure of summons. Also, for the first time, the law did not permit the imprisonment of a servant for leaving his master's service; but limited his punishment to fines.

This was less than thirty-two years ago. But not until eight years later—in 1875—were the proceedings against a workman for breach of contract divested entirely of their penal character. Only then was it at last established that suit on either side could only be brought as a civil proceeding to compel performance of a contract or to recover damages. Then for the first time—less than twenty-five years ago—were employer and workman placed under equal laws. For the first time the master who broke contract with his man was regarded as equally guilty with the man who broke contract with his master. Most significant of all, for the first time in English law the terms "employer" and "workman" took the place of "master" and "servant."

Thus, we have traced the evolution of the workingman through the centuries, first the slave to be bought and sold as any other chattel; then the serf not salable, but bound; then the servant, nominally free, but chained to one locality and compelled to labor for whoever would pay his wage, whipped and thrown into prison if rebellious, branded as a slave if seeking to run away; then the workman, with some rights of contract which an employer must respect, but still legally an inferior being by whom breach of one part of a contract was a felony; finally within this present generation, at last a free man equal with his employer before the eye of the law.

Let me call your attention to one concluding fact. For some years past legislation on labor matters has been almost solely directed to giving the workman something more than an equal footing—some advantage in his relation to his employer. It took some centuries for society to reach the point of regarding the laborer as a free man entitled to contract for the sale of his labor on equal terms with his employer. No sooner was this point reached, however, than it was found that however equal the two parties might be in theory, in fact the workman remained at a disadvantage. Let us very briefly review the principles which are at the foundation of the economic theory of labor.

First, labor is a commodity. The workman lives by selling his labor just as a florist lives by selling flowers or a shoemaker by selling shoes, but —

Second, there is this great difference, that the laborer and his labor are inseparable. It makes no difference to the florist where his flowers go when bought, or to the shoemaker whither you walk, once the shoes are on your feet and paid for. It makes all the difference in the world to the laborer where his labor has to be performed.

Third, the laborer *must* sell his labor. The florist or the shoemaker has some stock in trade, some capital to live on, even if he fails to make an immediate sale. At the worst, he can finally fall back on his labor. The man who is already selling his labor has nothing behind him and must either sell or starve. He

cannot, as a rule, refuse an unfavorable offer and wait for a better market. He has to sell at the present moment to earn his living.

This puts the laborer at a real and serious disadvantage as compared with the other party to the contract. Society has recognized this and by legislation in the last few decades has tried in many ways to place him on an equal footing and make the equality real as well as nominal and legal. Laws have been framed providing that he must not be made to work under unsanitary conditions, limiting the hours of labor, prescribing limits of age and various conditions under which women and children can be hired to work for wages ; forbidding employers to pay their men in goods from stores owned by themselves ; enlarging the liability of employers for damages for injuries received by the men in their employment from machinery, etc.

It took society some centuries, as I have said, to say to the laborer—"Yes ; you are free and at liberty to make a contract to sell your labor to anyone you please on such terms as you may agree upon. We will hold him to his contract as well as you." Now society goes further still :—"Yes ; we see that in many ways you cannot contract freely, so we will help you and give you some points of advantage and put some burdens on the other party." For centuries the world said, "The laborer is a slave;" for centuries more it said, "He is free, but an inferior being." Then—only for a generation—it said, "He is the equal of his employer." Today it cries out with shame to see that he is not the equal !

Let us now turn from the individual workingman to the workmen or servants in the mass and see, if we can, what part they, by combination with their fellows, have been able to bear in their own emancipation. There were "strikes," it is believed, in the days of the Pharaohs. There were uprisings of the slaves in other countries besides Greece and Rome. But it is only the legal and constitutional warfare of the countries whose history gives us legitimate precedent that need interest us.

Under the English common law all combinations to regulate employment between master and servant are illegal. As far back as 1360, we find the law declaring null and void all "alliances, covenants, conjugations, chapters, ordinances, and oaths," among servants. From that time to the beginning of the nineteenth century there were passed over forty acts of Parliament, each one explicitly forbidding what we know as a "trade unions" or "labor organizations." Whatever liberty an individual might have to contract regarding the conditions of his service—a liberty which as we have seen was continually growing through the centuries—as soon as two servants or more joined together and agreed to work only on specified conditions, that act was a misdemeanor. Whether the agreement had reference to wages or hours of labor or the conditions of service or the use of tools or machinery—whatever its bearing—it was a criminal conspiracy; a conspiracy in restraint of trade, and as such abhorrent to the spirit of the law.

In the closing decades of the last century began the wonderful awakening of our modern industrial life—the invention of the spinning jenny by Arkwright, and the discoveries of Watt, which opened the way to all the amazing revolutions which steam has worked in the world. With the new conditions arose the factory system, under which large numbers of workmen were brought together in common employment in single establishments, and the labor problem suddenly assumed a new and alarming aspect. The sanitary conditions of the early factories were abominable; the hours of labor were almost intolerable; wages were inadequate, and the treatment of the servants by the master, according to our ideas, was inhuman. No laws could hope to prevent the workmen, now brought in close contact with each other in the same factory, or in neighboring factories in the same town, from combining together to protest against such conditions. But as the laws sought to prevent them, it was necessary that the combinations be made in secret. So among the factory population sprang into existence a network of secret societies, so numerous, and in the eye of Parliament so

dangerous, that in the year 1800 an act was passed forbidding participating in such a society and providing that any man found guilty of joining one could be convicted before a single justice and sentenced to imprisonment.

In the earlier years of the present century England went through a period of great industrial depression. The discontent of the working classes became so clamorous that in 1824 a select committee of the House of Commons investigated the whole labor question, and reported that the existing laws against the combination of working men produced only irritation and discontent. On the recommendation of that committee therefore, the laws forbidding such combinations were repealed. The result, in the tremendous impulse which was given to labor organization, so terrified Parliament and the country that one year later, in 1825, another committee was appointed, on the recommendation of which, the action of the previous year was nullified, the act stating in the preamble that combinations of workmen were "injurious to trade and commerce, dangerous to the tranquillity of the country and especially injurious to the interests of all who were concerned in them." The effect of this act was to leave the common law of conspiracy in full effect against all combinations in restraint of trade, except such as were expressly exempted from its operation. It was permitted to workmen to meet and consult as to what wages they themselves, *i. e.*, those actually present at the meeting, would accept. But anything like a modern trades union was illegal and as late as 1834—only sixty-five years ago—six men were convicted and sent into penal servitude for being parties to such an organization in secret.

It was not really until 1871, that trades unions as they exist today were sanctioned and protected by English law, and the principle was recognized that it was not illegal for men to do in combination anything which they might legally do as individuals.

Here we see in regard to combinations of laborers, a process of development on a line exactly parallel to that which we traced in regard to the individual laborer. First, all combinations

are regarded by the common law as illegal. For centuries we find everything approaching labor organizations held to be criminal. Up to the middle of the present century we find them regarded as "injurious and dangerous to the tranquillity of the country." Slowly we see them winning toleration and recognition, till at last all semblance of legal disability is removed.

And again I wish to call your attention to one concluding consideration. The ground on which labor combinations were originally forbidden was that they were in "restraint of trade" by raising the price of labor. There are still laws directed against combinations in restraint of trade. But they are not directed against combinations of workingmen. The most famous of such recent laws is the Sherman anti-trust act of 1890. "Every contract, combination in form of trust or otherwise, or combination in restraint of commerce or trade * * * * is hereby declared illegal." Society does not now set its face against conspiracies of laborers to injure or restrict the trade of the community, but against the employers. So broad are the terms of the act just quoted that it has often been pointed out that they would in fact, if strictly interpreted, operate to forbid labor organization. But no attempt has been made to prove that point—for the simple reason that it is assured in advance that, if it was found that the law did forbid such combinations, Congress would promptly amend it.

Once more note the change in the point of view. As for centuries society regarded the laborer as a slave and an inferior being, and now turns its attention only to placing him on something better than equal terms with his employer, so in regard to combinations of laborers, after for centuries treating them as illegal and in restraint of trade, it now tightens the restrictions on all other combinations in restraint of trade, but exempts the combinations of labor.

Let us now turn our faces away from the laborer to the employer—from the combinations on which the law once frowned, to those which it forbids today.

What is a "Trust?" A trust is technically a combination of companies or trading corporations for the purpose of controlling prices and business.

Suppose that all the wheat-growing land of the United States was owned by twenty companies, and no one else could grow wheat because those companies owned all the land. Suppose that each of the companies grew all the wheat that it could, so that every acre of practicable land in the country was producing wheat to its full capacity. The result would be that there would be more wheat grown than could easily find a market. Each company would struggle desperately to sell its wheat, knowing that someone must be left with wheat unsold. In that struggle the companies would underbid each other and the price of wheat would be reduced to a minimum. Sooner or later it would fall below the cost of production and all the companies would be ruined. Perhaps, however, they would see this end approaching, and combine. Each company would appoint one member on a common board. To that board all companies alike would surrender the voting power of their companies but not their share of profit. The board controlling the voting power of all companies would then proceed to reduce the output of wheat. It would stop the cultivation of the least productive lands, growing wheat only on those on which it could be grown at least cost and limiting the amount grown to a quantity just sufficient to fill the demand—as much as could be sold and no more. There would be a great reduction in expense and no cutting of prices. The profit to all the companies would be vastly increased.

This would be a trust. And so far we see nothing harmful about it.

But, having complete control of all the wheat produced, why should the trust be content with a reasonable price? Who could prevent it from doubling, trebling the price or putting it as high as it pleased? It would be in its power to make the price of wheat so high that only the wealthy could eat bread. It would not do that, for that would defeat its own object. But

there would be grave danger that the trust would put the price just as high as it could be put without preventing sales—that is at the point where it would produce the greatest aggregate profit. And it is certain that in doing so it would inflict tremendous hardship on the masses of the people.

We have imagined an impossible case—a trust organized to control a monopoly of the staple life-giving article of diet. But the principle of one such trust is that which underlies all, and while no other trust could perhaps work so great an injury to society as could a trust controlling absolutely the wheat supply, it is evident that any trust which controlled the entire output of anything might work some injury in proportion to the importance to society of the article which it controlled. Thus the principle of the trust which aims to prevent competition is held to be vicious.

Personally I do not know of any case wherein consolidation, combination or the organization of a trust has in the present day succeeded in establishing a monopoly of, or the entire control over, anything, except most temporarily. We have no evidence that, in these days, the commercial monopoly is possible of any commodity of large consumption, and not subject to very narrow limitations, either of geographical area or other natural conditions, in its production. Innumerable failures create a presumption against its possibility. If it were accomplished it is improbable that it could be made oppressive to the public. If it ever did become oppressive, there need be no fear that the public would not be abundantly able to protect itself, for the creature never yet was greater than the creator.

We are just now passing through a period of very rapid consolidation of industrial forces. It is not necessary here to explain why the various great combinations which are now being formed are not, in the proper sense, trusts; but it may be worth while, in view of the general expression of alarm and apprehension as to the effects of these combinations, to remark that hitherto such combinations have operated to the benefit of society and not to its injury. The combination of the capital of many individuals

in stock companies has been the most powerful factor in the work of civilization, and there is yet no evidence that such combinations can be made too large. Instead of being an instrument of monopoly, the company or trading corporation was in its whole origin and essence a protest against monopoly. It came into existence as a means by which the poor and the people of moderate fortune could have their share in large and profitable ventures, which had formerly been the privilege only of the rich.

The corporation, in the form in which we know it, seems to have been a Roman idea. Rome in her later days had, under the name of *collegia* or colleges, the counterparts of each form of our modern corporation; but that form of private corporation which is now known as a Joint Stock Company—or simply as a company—did not assume prominence until the South Sea days, about the year 1715; and it may be worth while to go briefly over its history.

In an early stage of society it is evident that the trading and bartering must be done by individuals. The condition would very soon arise, however, when two or more individuals would agree to “go shares” in a particular venture. Thus came the first partnership. It was easy to extend the co-operation from one venture to the conduct of a business and so men became partners for definite terms or for the length of their business careers. Two men might be associated or three or four; but when an enterprise of any magnitude presented itself it would soon become desirable to associate together perhaps twenty. But a partnership of twenty became very unwieldy. Each member was liable for all the debts of the united concern; and, moreover, in any legal proceeding the consent, signatures or presence of all twenty would be necessary. Also partners would die. What was needed was an arrangement by which such an association of a number of people could entrust the business to the management of a few, and share only according to their original proportionate investment in both the profits and the debts or losses of the concern, an arrangement also which could not be

disturbed by the death or withdrawal of an individual partner. This is the field which the Joint Stock Company fills, the stockholders furnishing the capital, leaving the management to the directors and officers, taking their proportionate profits in dividends and being liable (in different measure under the laws of different states and countries) for only a part of the losses or debts in proportion to their individual holdings. By this means fifty poor men could associate themselves and embark in enterprises as large as any rich man could undertake.¹

It was in 1711 that Queen Anne granted a charter to the Governor and Company of Merchants of Great Britain for Trading to the South Seas. The capital was 10 and later 12 million pounds—60 million dollars. By various means which need not be described the stock was “boomed” till it sold at a premium of 1000 per cent. and a mania for speculation seized all England. Subscriptions were opened for stocks of all manner of companies, of which over 200 were organized within a few months. Some of these acquired obsolete or worthless charters already in existence and pretended to trade under them. Many went through no form of law at all. “Any impudent impostor” says a writer of the day “needed only to hire a room at some coffeehouse and open a subscription book for anything, having first advertised it in the newspapers of the preceding day, and he might in a few hours find subscribers for one or two millions of imaginary stock.” Compared to the insanity which reigned then, allowing for the difference in the size of the commercial world then and now, the greatest excitement which this country has seen this winter was flat stagnation. Among the companies then floated was one “for making salt water into fresh;” one “for a wheel for perpetual motion;” one “for insuring to all masters and mistresses the losses they may sustain by servants” and one “for melting sawdust and chips and casting them into clean pine boards, free from knots.”

¹ It should be said that historically the first corporations, in Rome probably, and in England certainly, were not organized for purposes of trade but for religious, charitable and administrative purposes. The idea was easily translated to the field of commerce when the need of it for trading purposes made itself felt.

In 1719 Parliament passed the Bubble Act, by which all these companies were pronounced "illegal and void" and were declared public nuisances. It is strongly suspected that the act was passed at the instigation of the South Sea Company, which wished, by killing off all rivals, to confine investment and speculation to its own securities. The act succeeded in checking the mania and causing a panic in which not only all the other companies collapsed, but the South Sea Bubble itself burst.

This law remained in force until 1825, although it did not prevent the organization of companies. The commercial world, civilization itself, had need of them, and no law could keep them out of existence. Then came various laws permitting the formation of joint stock companies by letters patent, and under special acts of Parliament; but it was not until 1844 that all persons were enabled to obtain certificates of incorporation under a general law, without a charter or a special act, and not until 1855 that the limitation of the liability of members of such companies for debts of the concern was recognized by law. A high authority has thus summarized the process of evolution of the joint stock company: "Partnerships in the eye of the law, they are looked upon by the legislature as false pretenders to the character of corporations. They are at first denounced as nuisances, then tolerated and gradually relieved one by one from these legal incidents which impede their functions in the organization of commerce."

It is not necessary here to go in detail into the processes by which a corporation came to be regarded in law as a person, capable of suing and being sued. The essential features of a corporation are, as Chief Justice Marshall said, its "immortality and individuality," the attributes by which "a perpetual succession of individuals is capable of acting for the formation of a particular object, like one immortal being." In the United States the corporation has been a most powerful factor in making possible that national development, that growth of American trade and commerce, which in a few years has placed us in the front rank of the nations of the world. President Elliot has

affirmed that the corporation has been of tremendous value as an agency for training people in the virtues of fidelity and loyalty. "Though no longer an exclusively democratic agency, it has," he says, "given strong support to democratic institutions."

In all its aspects, instead of being an instrument of monopoly, the corporation always has been, and is today, the chief opponent of monopoly; instead of capitalistic it is inherently and actively democratic.

It was the growth of the modern commercial spirit that made monopolies in the true sense impossible. A monopoly was a grant by the sovereign to an individual of the exclusive right to manufacture or sell a given commodity. The practice of giving monopolies as a reward to favorites seems to have been very ancient, but the first English record dates back to 1340, or to about the same time as the first known legislation on the subject of wages. Queen Elizabeth, with her other charming weaknesses, was a notorious offender in the recklessness of her monopoly grants, and her tender-heartedness in this regard brought her into frequent and bitter conflict with Parliament, much to her ultimate discomfiture. In 1623 the Statute of Monopolies was passed, making all monopolies illegal, except such as might be granted by Parliament or had regard to some new process of manufacture or invention. Parliament, since then, has never granted any, and on the exception in favor of inventions the whole modern patent system, a system of limited monopoly, is based.

Now, let us gather up the various threads that we have picked out and, weaving them together, see what kind of a pattern they make.

The simile which compares the growth of human progress to the development of a coral reef is familiar, and indeed is very just. We are only coral insects. We can add to the reef, and by all means let us make our addition rightly. Let us be assured that what we build is firmly cemented to, and is a natural

excrescence from, the main body of the growth, else will our labor be washed away and crumble.

It is terrible to hear of an individual strike or labor riot, culminating, perhaps, in the loss of human life. We are filled with indignation at the brutality of an employer or the recklessness of a labor leader, and we cry out for the abolition of labor unions, or demand the restraining of insolent capital which seeks to enslave the laborer. But let us stop and think.

Is there any danger that the laborer will be enslaved? He was enslaved once, and all the laws that Parliament could frame or monarchs decree could not keep him a slave. Slowly through the centuries we see him groping his way, crawling at first, then gradually raising his form till he stands firmly erect on his feet, the equal of his master. An individual strike or riot is only a bubble or a ripple on the surface of the stream. We see or hear it, but we do not see or hear the sweep of the movement of the deep waters below.

Are labor unions to be abolished? Once they did not exist; but laws could not keep them out of life. Slowly they quickened and moved and grew until today, from suffering persecution and laboring under distrust, they have come to be one of the great forces in our modern social, political, and industrial life. They number their members by millions, and they pay out millions annually for the relief of their own sick, in support of the injured and of the widows and orphans. They set their powers against drunkenness and immorality, they encourage thrift and education, they raise the level of the service and of man. Their powers are subject to abuse—the medicine may be used as poison. No city has better cause to know that than Chicago, with the memory of the strikes and riots of 1894 still less than five years old, but as a labor union grows in strength and in accumulated funds it becomes conservative, as its members grow in intelligence they are the more averse to strikes.

In some other countries trade unions have reached a condition of stability and of funded responsibility, if I may use the phrase, in advance of any but two or three of the leading orders

in this country, and they are a power in behalf of law and order. The unions in this country, in spite of occasional delirium and the bad work of turbulent men, are treading the same paths. No law of this generation can interfere with the growth of unionism any more than the laws of former centuries could prevent it quickening into life. The orders will grow stronger, more intelligent and more conservative until all employers, when they know that the order with which they treat is financially responsible, is able to control its members and will live up to any contract which it makes, will be glad to deal with it rather than with the individuals.

“Through the ages an increasing purpose runs.” It was not by the slave himself, nor by the member of the early unions groping in the darkness of their first secret meetings, that the change in the condition of the laborer and in the standing of the unions was chiefly wrought. It was by the growth of Christian motives and the elevation of sentiment in society above and around them. Public education, the improvement of the general intellectual and moral tone, these are the factors which have worked out the solution of problems in the past. Never has their growth and work been more active than today.

You can destroy an individual institution; but you cannot undo the hereditary instincts and tendencies of the human race. You may burn a church or a hospital; but you cannot kill the religious instinct in man or put an end to love and charity. You may enact laws against an individual labor organization, but you cannot stop the tendency of all the centuries toward the universal uplifting of man.

And for capital—the organization of great trading companies—laws could not prevent it; society could not restrain it, because society could not live and grow without it. The consolidation of capital in great companies is the means by which the poor and moderately rich can have their part in great enterprises, and it is those enterprises that have civilized the world. The work of the bible, the printing press, and the locomotive could not have been done without them.

There is only one way in which the organization of labor can be stopped, or the laborer enslaved, or capital made to scatter itself again into smaller units, and that is by going back to the fifteenth century — by wiping out history and undoing the work of civilization. For these things *are* civilization.

Of all the catch-phrases which are repeated from mouth to mouth for the misinformation of the people, and the engendering of strife, none is more persistently reiterated and none is more entirely baseless, than this, that "wealth is becoming concentrated in the hands of the few, and the rich are becoming richer and the poor poorer." It is not only not true, but is diametrically opposed to the truth. No social phenomenon of the day is more conspicuous than the extraordinary rapidity of the diffusion of wealth. There are individual fortunes of great magnitude. Never were there proportionally so many fortunes moderately great. Never were there so many of the "upper middle classes" who could presume to all the luxuries of the rich. Never were there so many of the "middle" and "lower middle" classes who had comfortable incomes and invested properties to furnish more than a competence. Never was there — even approximately — so large a proportion of the actual working classes having funds deposited in the banks and capital invested in shares and policies in various corporations. The social pyramid is constantly tending to broaden at the base.

The "concentration of wealth" is daily made the foundation for arguments in the press, on the platform, from the pulpit. The statement itself is received without argument except in so far as an effort has been made to demonstrate its truth by a comparison of the census statistics of the United States of today with those of former times. These statistics themselves are doubtful evidence in the cause to which they are applied ; but if they did prove what they are held to prove, the demonstration would remain entirely valueless.

The social conditions in the United States up to a few decades ago were abnormal and altogether outside of the general current of economic evolution. I can best explain the proposition

by an analogy : — Let us take Alaska as an independent territory ; let us suppose that it is today, or soon will be, severed from its allegiance to the United States. Into Alaska there have poured for some years, and are now pouring, settlers from this country, from British North America, from all parts of the world. For five, ten, fifteen, or twenty years, perhaps, we can imagine the social fabric framing itself in Alaska. First, the pioneers — then scattered mining camps — then more densely-settled mining regions — then established communities of considerable size, and finally the whole country occupied and apportioned, the work of pioneering and settling done, no more spreading over unexplored territories, but the whole people become sedentary, and out of the primitive period there has evolved a complete social, legislative, economic, commercial fabric. What would that fabric be ? What would the laws be, the system of justice, the plan of government, the methods and organization of commerce and industry ? Would they be of a growth indigenous to Alaska ? Of course not. They would be (somewhat modified perhaps by local conditions) the laws, the system of justice, the plan of government, and the method of commerce of the world — chiefly of the United States and England. No man, to explain the genesis of those laws, that system, that plan, or those methods, would go for precedents to the pioneer days of the territory. He would go to the source whence they came. No man would criticise the wages paid in a factory at Sitka by pointing out that twenty years before, when all Alaska held only a few thousand men, every citizen of Alaska had a hundred square miles of territory to himself. Once every man in Alaska was a land owner and an independent worker for himself ; later a large part of the people are employees and workers in other men's mines and factories. Has wealth therefore "concentrated" in Alaska ?

It is precisely the same in regard to the early days of the United States. So long as the population was only an increasing band of pioneers and colonists — and that was the condition so long as any great part of our domain remained unsettled —

the ordinary social and economic laws did not operate. Only when the country became, as it were, full—when each new comer no longer took to himself what he wished of the public domain—when society became settled and industry established, and we came to take our place and play our part in the commercial system of the world—only then did we become subject to the normal commercial conditions. Our institutions are the product of the forces of civilization working through the ages ; they are not the product of the growing and formative period of our country's childhood. Comparisons of financial statistics—except to demonstrate the fact that we have grown from childhood to manhood—are mere trivialities. It is like comparing London with Australia. To find out what wealth, what liberties, what duties a man has, we must compare him with other men, his contemporaries or his ancestors ; not with himself when he roamed a child without responsibilities and owner of “all the out-of-doors.” It is permissible to compare the conditions of wage-workers of particular classes of today with the conditions of the same classes in individual factories or communities in the United States of another day—wherever the social system was established and the laws of commerce were operating. We can compare the conditions in the United States today with the conditions in other countries now or in former ages wherever the conditions were stable. And when we do so we will arrive always at the same conclusion, viz. : that never was wealth more diffused and less concentrated, never was the gulf between the rich and the poor less wide than here and now.

Nothing that I have said must be taken as indicating an insensibility to the suffering of the individual, or of any class of individuals, who at the present moment or any other moment may be among the very poor. Though it is a fact that “the individual withers and the world is more and more,” that does not make the suffering of the individual any the less bitter, nor the fact of his withering any the less overwhelming to him. It is piteous that any man should suffer as millions in the world do

suffer today ; and let us by all means do all in our power to alleviate the misery of each one.

There is no factory in which the machinery has not at some time or other crushed a hand or crippled a limb or destroyed a life ; none in which, if it continues running, it will not do so again. In the awful mechanism of society—the tremendous play of those forces which are ever at work today as they have worked through the ages, and whose product is civilization—there is the same bruising and maiming, on a scale proportionate to the weight and sweep of the machinery. But when a life is crushed out by the wheels shall we therefore destroy the factory ? Let us rather build on to it, develop its usefulness, and add every appliance that can improve its output, while safeguarding so far as we can all workmen who labor in it. Above all let us care for those who are injured.

There is no effort which the enlightened sense of the age is making to alleviate the condition of the wage-worker which is not worthy of study and encouragement. Progressive wages—profit-sharing—coöperation—arbitration—the organization of labor—pension funds—even the compulsory insurance schemes of European countries—so far as any one of these is found in particular cases to lessen friction between employer and employed or to improve the conditions of the workingman, it is to be applauded and fostered and extended to a wider application wherever the conditions promise similar results. But let us not for one instant imagine that by the legislative enforcement of any one of them we can find a sudden cure for all the ills of our industrial system. We have seen how through the centuries that system has been developed, and always towards the uplifting, the enlightenment, the enfranchisement of those who were once the proletariat ; for there is no proletariat today. If there remains still a submerged tenth, let us remember that there was a time when nine tenths were submerged, and as, slowly perhaps but surely, eight of the nine have been lifted above the waters, so equally surely will the rescue of the last somehow be effected.

To change the metaphor, let us not be "elated while one man's oppressed," but let us recognize thankfully how many have been freed from oppression, and while setting ourselves determinedly to break the last fetters that remain, let us be strengthened with the confidence that we shall succeed—a confidence that is assured to us by the course of all history.

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CHICAGO.